



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

SMALL BUSINESS/SELF-EMPLOYED DIVISION

September 20, 2013

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MEMORANDUM FOR DIRECTORS, COLLECTION AREA OPERATIONS
(CALIFORNIA, GULF STATES, AND SOUTH ATLANTIC)

DIRECTORS, CAMPUS COMPLIANCE OPERATIONS
(BROOKHAVEN AND MEMPHIS)

FROM: Michelle C. Alvarado /s/ *Michelle C. Alvarado*
Acting Director, Collection Policy

SUBJECT: Pen and Ink Changes to Form 656, *Offer in Compromise*

The purpose of this memorandum is to provide expanded guidance to IRMs 5.8.3.7(2), *Perfecting COIC Cases*, and 5.8.8.2(1), *Amending Form 656*, to include the ability to make pen and ink changes to the Form 656 before acceptance. These changes are effective September 20, 2013.

National Counsel has reviewed and approved the following instances where a pen and ink change is appropriate in lieu of securing an amended Form 656. An amended Form 656 is not necessary when/if any of the following conditions exist:

- Middle initial is incorrect or missing. You may add or remove the initial to match IDRS.
- Social Security Number (SSN) or Employee Identification Number (EIN) does not match IDRS and it is apparent that the reason is transposition of numbers.
- A business name and EIN was included on the Form 656 but the taxpayer has stated that they do not want to compromise the liabilities of the company (LLC, LLP, etc.). Remove the name by lining through the entity information and reverse related TC 480s.
- When the taxpayer/POA fills in the terms with dollar amounts but fails to fill in the total offer amount. Total the terms payments and fill in the total offer amount.
- If the taxpayer/POA requests a change to the date to make payments. Make the change to the requested date.

- Write in the physical address after verification with the taxpayer/POA.
- Check the low income certification box when the taxpayer/POA includes a Form 656-A with the new Form 656 but fails to check the box.
- Allow rounding to eliminate odd cents issues with accepted offers. Round up or down to the nearest dollar, as appropriate.
- Add or delete periods from the Form 656.

In all instances when a pen and ink change is appropriate, the Offer Examiner, Offer Specialist, or Process Examiner **must** contact the taxpayer and/or their representative by telephone to secure verbal approval before making the change(s). Conversations and approvals must be documented in the case history. If no approval can be secured, an amended Form 656 must be secured correcting all deficiencies before acceptance.

If you have any questions, please contact me, or a member of your staff may contact Diane Morris, Senior Program Analyst. COIC personnel should direct any questions through the appropriate management chain.

cc: Chief, Appeals
Director, Field Collection
Director, Campus Compliance Services
Director, Filing and Payment Compliance
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